

QUIZ

QUIZ plc
("QUIZ" or the "Group")

Interim Results for the six months ended 30 September 2022

Increased demand for the QUIZ brand drives revenue growth, significant increase in profitability, and a strengthened cash position in the period

QUIZ, the omni-channel fast fashion brand, announces its unaudited interim results for the six months ended 30 September 2022 ("HI 2023" or the "Period").

Financial highlights:

	Six months to 30 September 2022 (unaudited)	Six months to 30 September 2021 (unaudited)
Group revenue	£49.4m	£36.0m
EBITDA	£3.7m	£0.7m
Profit/(loss) before tax	£1.8m	(£1.3m)
Earnings/(loss) per share	1.19p	(1.18p)
Operating cash flows	£6.5m	£3.4m
Cash net of borrowings	£9.2m	£4.2m

- Group revenues increased 37% to £49.4m (HI 2022: £36.0m) reflecting stronger consumer demand for the QUIZ brand and softer prior year comparatives as a result of Covid-19 related disruption
- Gross margin increased 410bps to 61.6% (HI 2022: 57.5%), returning to HI 2020 levels, reflecting improved full-price sell-through
- Operating costs, being administrative and distribution costs, increased by only 25%, compared to the 37% increase in revenues, as the Group was able to leverage off its existing infrastructure
- EBITDA profit increased significantly to £3.7 million (HI 2022: profit of £0.7 million)
- Operating cash flows of £6.5 million (HI 2022: £3.4 million)
- Total liquidity headroom at 30 September 2022 of £12.7 million, being cash net of borrowings of £9.2 million and £3.5 million of unutilised bank facilities (31 March 2022: £6.5 million, being cash net of borrowings of £4.4 million and £2.1 million of unutilised bank facilities)

Operational highlights:

- UK store and concession revenues increased 48% to £24.6m, with demand at pre-pandemic levels on a like for like basis
- Online revenues increased 29% to £16.1m driven by sales through QUIZ's own website
- Active customers¹ on the QUIZ website increased 14% since March 2022, driven by continued effective investment in digital marketing during the Period
- International revenues² increased 26% to £8.7m (H1 2022: £6.9m)
- Marketing spend as a proportion of Group sales remained broadly in line with the prior year at 3.1% (H1 2022: 3.5%)
- Opened two stores in the Period, taking the total store estate to 62 stores in the UK and six in the Republic of Ireland at the end of the Period; one further store opening completed in the UK since the Period end

Outlook and current trading:

- Sales for the two months to 30 November 2022, including the Black Friday sales period, totalled £16.0 million (2022: £16.2 million) and were broadly in-line with management expectations with demand in recent weeks helping to offset weaker than anticipated revenues in October
- Whilst the positive H1 performance reflects strong underlying customer demand for the QUIZ brand, the Board recognises that the Group is not immune to the widely reported cost of living and inflationary pressures impacting across the sector. As a result, the near-term outlook is difficult to predict for many UK retailers
- Notwithstanding, the recent volatility in demand and that QUIZ's important Christmas trading and January sales periods are still to come, the Board continues to anticipate delivering a full year outcome which will be at least in line with market expectations
- Longer term, the Board remains confident that QUIZ's product proposition and commitment to providing glamorous looks at value prices will continue to resonate with consumers. This confidence, combined with the business's effective omni-channel model and strong financial position, provide the Group with strong foundations to navigate current external challenges and deliver long-term sustainable and profitable growth
- Total liquidity headroom at 6 December 2022 remains strong at £11.3 million, being cash net of borrowings of £7.8 million and £3.5 million of undrawn banking facilities

Tarak Ramzan, Founder and Chief Executive Officer, commented:

"The QUIZ brand has performed well in the first half of the year, with strong year on year sales growth of 37% supporting increased profitability and a strong cash position. Active customers increased 14%, reflecting the appeal of our differentiated and value brand.

"Whilst we will not be immune to the widely publicised cost of living pressures on the consumer in the second half of the year, I remain confident that supported by our omni-channel model, fantastic brand and unique occasion wear offering, QUIZ is positioned well for long-term, sustainable and profitable growth."

The Group will provide a live Interim results presentation via the Investor Meet Company platform on 7 December 2022 at 11:00am GMT. Investors can sign up to Investor Meet Company for free and add to meet QUIZ plc via:

<https://www.investormeetcompany/quiz-plc/register-investor>

Notes

1. An active customer is a customer registered on our database who has transacted in the last 12 months.
2. International sales comprise revenues from QUIZ standalone stores and concessions in the Republic of Ireland and franchises in 20 countries.
3. Financial information in the front of this report has been rounded to the nearest decimal place. Totals in the tables may not equal the arithmetic sum of presented numbers. Percentages are calculated on non-rounded numbers and may not conform to the percentage derived from the rounded components.

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Notes:

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2013 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

About QUIZ

QUIZ is an omni-channel fashion brand, specialising in occasion wear and dressy casual wear. QUIZ delivers a distinct proposition that empowers fashion forward customers to stand out from the crowd.

QUIZ's buying and design teams constantly develop its own product lines, ensuring the latest glamorous looks at value prices. This flexible supply chain, together with the winning formula of style, quality, value and speed-to-market has enabled QUIZ to grow into an international brand with stores, concessions, franchise stores, wholesale partners and international online partners.

QUIZ operates through an omni-channel business model, which encompasses online sales, standalone stores, concessions, international franchises and wholesale arrangements.

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For further information:

<https://www.quizclothing.co.uk/>

<http://www.quizgroup.co.uk/>

CHIEF EXECUTIVE'S REPORT

We are pleased to report our Interim Results for the six months to 30 September 2022 (the "Period").

The Group delivered a continued improvement in revenues, which increased by 37% to £49.4 million (H1 2022: £36.0 million) to return to pre-pandemic levels on a like-for-like basis. This reflected growth in customer demand for QUIZ's trademark occasion wear and dressy casual wear in the absence of Covid-19 related social restrictions and the reintroduction of large-scale social events following the impact of the Omicron variant last year.

This pleasing performance was driven by strong growth recorded across each of the Group's key channels of both owned and third-party retail and online operations, reinforcing the efficacy of QUIZ's omni-channel model.

Our store portfolio performed well during the Period, generating a positive financial contribution. This reflects the favourable lease arrangements and well-located nature of our store estate as well as customers' desire to interact directly with the brand whether that be through purchasing in-store, utilising our click and collect in store service, ordering in-store, or exchanging/returning to store.

Sales through the QUIZ website returned to similar levels achieved in 2019 and the business is focussed on developing this exciting online potential. Improvements in key online metrics such as the Average Transaction Value and conversion rates have contributed to the increase in online revenues in the Period.

The increased customer demand for new product during the Period supported a reduced level of discounting and a higher proportion of full price sales. This is reflected in the 410bps improvement in the gross margin generated compared to the same period in the previous year. Gross margins across the Period were consistent with the levels achieved in 2019.

During the Period, the business returned to profitability with a profit before tax of £1.8 million (H1 2022: loss of £1.3 million). The return to profitability in the Period reflects the benefits of the previous restructuring undertaken by the Group, as well as continued tight cost control and inventory management. Furthermore, the Group's increased emphasis on our own stores and website and the associated reduced dependence on third party online partners, which are traditionally less profitable, continues to be beneficial.

Net cash at the Period end was £9.2 million, a £4.8 million improvement since 31 March 2022. The cash available to the business is now greater than prior to the start of coronavirus disruption. This financial stability allows for a strong focus on growing revenues going forward.

RESULTS OVERVIEW

Group revenue increased 37% to £49.4 million in the period (HI 2022: £36.0 million). Revenues recovered across each channel as follows:

	Six months to 30 September 2022	Six months to 30 September 2021	Year-on- year change	Share of revenue HI 2022	Share of revenue HI 2022
UK stores and concessions	£24.6m	£16.6m	+48.2%	49.8%	46.1%
Online	£16.1m	£12.5m	+28.8%	32.6%	34.7%
International	£8.7m	£6.9m	+26.1%	17.6%	19.2%
Total	£49.4m	£36.0m	+37.2%		

Operating profits of £1.9 million were generated (HI 2022: loss of £1.3 million). EBITDA increased to £3.7 million (HI 2022: £0.7 million) representing an EBITDA margin of 7.5% (HI 2022: 1.8%).

Profit before tax was £1.8 million (HI 2022: loss of £1.3 million). Earnings per share was 1.19 pence (HI 2022: loss per share of 1.18 pence).

Cash net of bank borrowings at the period end was £9.2 million (HI 2022: £4.2 million) which represents a £4.8 million improvement since 31 March 2022. Net cash generated from operations was £6.5 million (HI 2022: £3.4 million). Capital expenditure in HI 2022 amounted to £0.7 million (HI 2022: £0.3 million).

OPERATIONAL REVIEW

Central to our strategy is the QUIZ brand, which is a distinctive fashion brand that empowers fashion-forward females to stand out from the crowd. This is complemented by our omni-channel distribution model and focus on operational adaptation and improvement to ensure the brand continues to succeed. This model and approach have allowed the Group to benefit from the increased demand through the Period with a particular focus on capturing the significant online opportunities available to QUIZ, supported by maintaining a profitable store and concession portfolio.

Optimising the omni-channel model

QUIZ continues to believe in the benefits of operating an omni-channel model that provides customers the opportunity to engage with the brand across different channels.

QUIZ's online channel provides the potential for significant long-term growth and harnessing this potential remains a key priority for the Group. We were pleased to drive an increase in online revenues of 29% to £16.1 million in the Period (HI 2022: £12.5 million).

The emphasis remains on developing sales through our own website which account for 70% of total online sales (HI 2022: 70%). The business has benefited from the return to social activities and the corresponding Period.

Sales volumes through the QUIZ website improved steadily during the period with revenues increasing 29% to £11.3 million (HI 2022: £8.8 million). This reflects progress made across a number of key metrics such as the Average Transaction Value although these improvements were partially offset by

an expected increase in the level of returns through the Period as customers favoured occasion wear over more casual categories.

Sales through selected third-party websites continue to provide the QUIZ brand with important exposure to customers with the revenues totalling £4.8 million (HI 2022: £3.7 million).

Revenues generated through our UK stores and concessions have progressed in the Period with a 48% increase to £24.6 million (HI 2022: £16.6 million). The growth partially reflects the reduced demand in the prior Period when demand was recovering from the impact of coronavirus.

As at 30 September 2022, the Group operated 62 stores in the United Kingdom (HI 2022: 61 stores) with one store opening and one closing during the Period. We are pleased with the performance of these stores and with revenues exceeding their pre-pandemic levels on a like-for-like basis through the Period.

This positive sale momentum contributed to the positive financial contribution generated from UK stores in the Period. We continued to benefit from the reduced rental charges across the store portfolio further to the restructuring undertaken in 2020. Post this restructuring the average lease length across the store estate was 24 months. A number of leases have been renegotiated in the Period and the average lease length increased in the Period from 12 to 18 months.

Since the Period end the Group has opened one new store in Brighton and will look to open further stores where it can secure lease arrangements similar to its existing arrangements, with rental charges linked to revenues generated and flexible arrangements with regards to termination.

As at 30 September 2022, the Group operated 62 concessions in the United Kingdom (2021: 70 concessions). Concessions continue to provide QUIZ with a flexible and low-cost route to market given the limited expenditure required to establish new outlets.

During the Period, 12 concessions were closed and four opened. Subsequent to the Period end the Group opened a further 15 concessions with New Look, who are our primary concessions partner. These arrangements reflect the flexible arrangements for increasing the number of concessions given these are not staffed by QUIZ personnel and require limited capital outlay.

Selective international growth potential through capital light model

International revenues increased 26% in the period to £8.7 million (HI 2022: £6.9 million) as demand increased consistent with the United Kingdom as restrictions on trading and social activities were relaxed.

As at 30 September 2022, the Group operated six stores in the Republic of Ireland and 16 concessions, with one store opening and one concession closing in the Period. Coronavirus restrictions were imposed for a longer period in the previous year in the Republic of Ireland and as result revenues increased 95% period on period to £3.4 million (HI 2022: £1.7 million).

Revenues from international franchise partners in the Period amounted to £5.3m (HI 2022: £5.2m). We continue to receive positive customer reactions to the QUIZ brand internationally. Our mix of casual and occasion wear can be tailored for each market and our flexible route to market has been beneficial.

We continue to identify opportunities to extend our sales through low-risk, low-cost international expansion driven by our capital-light online, consignment and concession routes to market.

Managing gross margin

The gross margin generated in the Period benefited from stronger customer demand for new, full price products and, as a result, was ahead of comparable periods in recent years.

The widely reported inflationary pressures in the Period were successfully mitigated through selective price increases, which we were able to successfully implement without negatively impacting customer demand.

Going forward, we have adjusted delivery schedules to minimise the potential for supply chain disruption and to ensure product is available when required. We believe this will help control costs and minimise any further revision to prices.

The devaluation of the Pound in the Period against the Chinese Renminbi, the Group's main product sourcing currency, means that going forward there will be additional product costs to be managed and recovered.

We continue to carefully manage stock levels and dispose of excess stock held. This has contributed to the £0.6 million reduction in stock levels since March 2022. Given the progress made in reducing inventory there has been no significant change to our provision for slow moving stock.

Leveraging our cost base

We continue to carefully manage costs and will look to leverage off the existing infrastructure as revenues grow. We were pleased that the increase in operating costs was restricted to 25%, which is significantly lower than the 37% increase in revenues.

Consistent with other retailers the business has been impacted by higher operational costs as inflationary pressures impact. We continue to review our cost base to eliminate costs where possible and to ensure it is appropriate for the revenues that will be generated going forward.

Targeted marketing investment supporting a strong brand

We firmly believe that the QUIZ brand has a clear, differentiated position in the market with a specialisation in occasion wear and dressy casual wear for women, and the brand continues to resonate with a broad age range of customers. This belief is supported by the increased demand for our products since restrictions on social events have been eased.

Underpinning the growth and expansion of the QUIZ brand is the Group's approach to targeted and returns-driven marketing investment. Our marketing activity utilises a pipeline of celebrity and influencer activity across the Period. The launch of our recent Party Wear Collection in collaboration with Ashley Roberts has helped generate interest in the brand as well as generate traffic ahead of the important Christmas party season. These activities continue to be supplemented with digital marketing and offline activity to push the QUIZ brand to the forefront of our customers' minds. Marketing spend increased by 21% compared to the previous period and, as a result, investment as a proportion of Group sales remained broadly in line with the prior year at 3.1% (HI 2022: 3.5%).

We have seen a continued recovery in the number of online active customers to 643,000, an uplift of 14% on the numbers recorded at 31 March 2022 and a 53% rise on 30 September 2021.

During the period, the brand has strengthened its social media engagement relative to the prior year, with 4% and 5% increases in our Instagram and Facebook audiences respectively.

Flexible Supply Chain

The business has a well invested infrastructure and a proven successful supply chain which prioritises our commitment to source clothes in a responsible and ethical way. This allows for the business to respond to customer demands and to provide on-trend product whether it be influenced by social media, the catwalk or television.

The Group has an ongoing programme to ensure that all our products are supplied in line with our Ethical Code of Practice. We continue to visit our suppliers regularly and have processes in place to allow for clear visibility across our supply chain. We remain committed to ensuring our systems and processes are fit for purpose and assure compliance in this area.

CASH POSITION

The Group has made significant progress improving the available liquidity and its net cash position is now ahead of the balance held prior to the pandemic. The cash balance net of borrowings improved by £4.8 million to £9.2 million (31 March 2022: £4.4 million) at the Period end. Total liquidity headroom at the Period end amounted to £12.7 million, being £9.2 million of cash net of borrowings and £3.5 million of undrawn bank facilities (31 March 2022: £6.5 million, being £4.4 million of cash net of borrowings and £2.1 million of undrawn bank facilities).

The Group retains £3.5 million of bank and credit facilities available to it from HSBC which expire in June 2023. There are no financial covenants applicable to these facilities.

As at 6 December 2022, the Group had total liquidity headroom of £11.3 million, being a cash balance net of borrowings of £7.8 million and £3.5 million of undrawn facilities.

OUTLOOK AND CURRENT TRADING

Demand in recent weeks, including the Black Friday sales period, has been positive which has helped offset the weaker than anticipated revenues generated in October. Cumulatively sales for the two months to 30 November 2022 were broadly in-line with both the prior year and management expectations. The revenues generated are summarised below:

	I October to 30 November 2022	I October to 30 November 2021	Year-on-year change
UK stores and concessions	£7.3m	£7.3m	+0.3%
Online	£6.5m	£6.8m	-3.5%
International	£2.2m	£2.1m	+3.5%
Total	£16.0m	£16.2m	-3.2%

Whilst the H1 performance reflects strong underlying customer demand for the QUIZ brand, the Board recognises that the Group is not immune to the widely reported cost of living and cost inflation pressures currently impacting across the sector. As a result, the near-term outlook is difficult to predict for many UK retailers.

Notwithstanding, the recent volatility in demand and that QUIZ's important Christmas trading and January sales periods are still to come, the Board continue to anticipate delivering a full year outcome which will be at least be in line with market expectations.

Longer term, underpinned by the strength of the QUIZ brand, the Group's omni-channel business model and strong financial position, the Board believes the Group is well-placed to deliver long-term, sustainable and profitable growth for all stakeholders.

FINANCIAL REVIEW

Gross margin

The increased demand experienced has resulted in increased full price sales and a decline in discounting relative to the prior period when margins were impacted by suppressed demand for occasion wear and a requirement to clear excess stocks. Due to these factors, the gross margin in the period increased to 61.6% (HI 2022: 57.5%).

Operating costs

Consistent with the higher revenues generated there have been increases in operating costs, namely administrative and distribution costs.

Operating costs increased 25% to £28.6 million compared to £23.0 million in HI 2022. Further to this, operating costs amounted to 58% of the revenues generated (HI 2022: 64%) and the business is focussed on reducing this percentage further.

Administrative costs increased by £4.3 million or 25% to £22.0 million (HI 2022: £17.7 million).

Property costs (including depreciation charges in relation to leases for standalone stores) increased by £2.0 million or 73% to £4.9 million (HI 2022: £2.9 million). The primary change in property costs was the reinstatement of business rates across the United Kingdom resulting in a £1.4 million increase. Rental costs were higher than the previous period as the higher revenues generated were reflected in the revenue based rental charges across the store estate and from increased costs arising from revised rental arrangements.

Marketing costs increased by £0.2 million or 21% to £1.5 million (HI 2022: £1.3 million). The focus of the investment undertaken in the period continued to be on digital marketing where a clear Return on Investment can be demonstrated. This activity is increasingly complemented by an increase in marketing spend to drive broader awareness of the QUIZ brand.

Distribution costs increased 24% to £6.6 million (HI 2022: £5.3 million) reflecting the higher revenues generated in the period.

Included in distribution costs are commission payments to third parties who sell product on behalf of QUIZ. These increased reflecting the higher levels of sales made through third party websites, international franchises and concessions in the United Kingdom.

Also reflected in the rise in distribution costs are higher carriage costs to stores, concessions and franchises further to the increased revenues generated and increased transport costs.

Government grants

In the previous year the business benefited from the financial support provided by the UK Government in response to the COVID-19 pandemic. The support provided included £0.6 million further to accessing the payments available for employees placed on furlough and £0.4 million of grant support

in relation to Coronavirus Grants made available to retail businesses which were closed due to national or local restrictions.

Finance costs

The finance costs of £0.1 million (HI 2022: £0.1 million) primarily relate to interest costs arising on the lease payments for stores.

Foreign currency hedging

The Group currently undertakes foreign exchange transactions.

The primary inflow of foreign exchange relates to the Euro denominated revenues generated in Ireland. The primary outflow of foreign exchange relates to the purchase of stock, primarily in Chinese Renminbi.

The Group manages the risk associated with foreign currency fluctuations through the use of forward contracts for the sale or the purchase of the respective currency for a period of up to 12 months in advance. We have currently hedged our expected currency inflows and outflows for the remainder of the financial year.

Taxation

The reported tax rate in the current year is a charge of 19.5% (HI 2022: credit of 9.2%).

Earnings/loss per share

The earnings per share for HI 2022 was 1.19 pence (HI 2022: loss per share of 1.18 pence).

Dividends

The Board does not recommend the payment of a dividend in respect of this Period. No dividends were paid in the prior financial year.

Cash flow and cash position

Cash, net of bank borrowings, at the period end amounted to £9.2 million (HI 2022: £4.2 million), an increase of £4.8 million since 31 March 2022.

The EBITDA of £3.7 million generated in the period was a £3.0m improvement on HI 2022. The positive financial performance was complemented by a £2.6 million cash inflow from working capital movements. This reflects a £1.9 million increase in payables, a £0.6 million reduction in inventories and a £0.1 million reduction in receivables since 31 March 2022.

Capital expenditure continued to be monitored closely with spend in the period restricted to £0.7 million (HI 2022: £0.3 million).

The cash outflows from financing activities amounted to £2.4 million (HI 2022: £0.8 million) and related to the repayment of £1.4 million of bank borrowings and the payment of lease liabilities amounting to £1.0 million.

The business continues to be focussed on improving its cash position. At 6 December 2022, total liquidity headroom amounted to £11.3 million, being £7.8 million of cash net of borrowings and £3.5 million of unutilised bank facilities. There are no financial covenants associated with the Group's bank facilities.

QUIZ plc
Unaudited consolidated statement of
comprehensive income
For the six months ended 30 September 2022

		Unaudited six months ended 30 September 2022 £000	Unaudited six months ended 30 September 2021 £000	Audited year ended 31 March 2022 £000
	Notes			
Continuing operations				
Revenue	3	49,410	36,030	78,371
Cost of sales		(18,956)	(15,303)	(31,074)
Gross profit		<u>30,454</u>	<u>20,727</u>	<u>47,297</u>
Administrative costs		(22,026)	(17,667)	(36,578)
Distribution costs		(6,581)	(5,303)	(10,820)
Government grants	4	-	985	1,010
Other operating income		53	-	1
Total operating costs		<u>(28,554)</u>	<u>(21,985)</u>	<u>(46,387)</u>
Operating profit/(loss)	5	<u>1,900</u>	<u>(1,258)</u>	<u>910</u>
Finance income		12	-	-
Finance costs		(77)	(82)	(122)
Profit/(loss) before income tax		<u>1,835</u>	<u>(1,340)</u>	<u>788</u>
Income tax (credit)/charge	6	(358)	(123)	1,261
Profit/(loss) for the period		<u>1,477</u>	<u>(1,463)</u>	<u>2,049</u>
Other comprehensive income				
Foreign currency translation differences - foreign operations		156	31	(20)
Profit/(loss) and total comprehensive income for the period		<u>1,633</u>	<u>(1,432)</u>	<u>2,029</u>
Earnings/(loss) per share	8	<u>1.19p</u>	<u>(1.18p)</u>	<u>1.65p</u>

All of the above income is attributable to the shareholders of the Company.

QUIZ PLC**Unaudited consolidated statement of financial position****As at 30 September 2022**

		Unaudited as at 30 September 2022 £000	Unaudited as at 30 September 2021 £000	Audited as at 31 March 2022 £000
	Notes			
Assets				
Non-current assets				
Property, plant and equipment	9	3,997	4,681	3,985
Right to use assets	10	5,069	2,042	1,108
Intangible assets	11	2,624	3,250	2,782
Deferred tax asset		600	59	964
Total non-current assets		<u>12,290</u>	<u>10,032</u>	<u>8,839</u>
Current assets				
Inventories		11,122	9,665	11,710
Trade and other receivables	12	6,351	5,405	6,425
Cash and cash equivalents	14	9,210	5,279	5,840
Total current assets		<u>26,683</u>	<u>20,349</u>	<u>23,975</u>
Total assets		<u>38,973</u>	<u>30,381</u>	<u>32,814</u>
Liabilities				
Current liabilities				
Trade and other payables	13	(13,136)	(11,397)	(11,466)
Loans and borrowings		-	(1,087)	(1,420)
Lease liabilities		(1,839)	(1,433)	(954)
Derivative financial liabilities		(300)	(28)	(65)
Corporation tax payable		-	(64)	-
Total current liabilities		<u>(15,275)</u>	<u>(14,009)</u>	<u>(13,905)</u>
Non-current liabilities				
Lease liabilities		(3,320)	(1,100)	(185)
Deferred tax liabilities		(14)	(59)	(21)
Total non-current liabilities		<u>(3,334)</u>	<u>(1,159)</u>	<u>(206)</u>
Total liabilities		<u>(18,609)</u>	<u>(15,168)</u>	<u>(14,111)</u>
Net assets		<u>20,364</u>	<u>15,213</u>	<u>18,703</u>
Equity				
Called up share capital		373	373	373
Share premium		10,315	10,315	10,315
Merger reserve		1,130	1,130	1,130
Retained earnings		8,546	3,395	6,885
Total equity		<u>20,364</u>	<u>15,213</u>	<u>18,703</u>

QUIZ PLC**Unaudited consolidated statement of changes in equity****For the six months ended 30 September 2022**

	Unaudited as at 30 September 2022 £000	Unaudited as at 30 September 2021 £000	Audited as at 31 March 2022 £000
Share capital			
Balance at beginning and end of period	<u>373</u>	<u>373</u>	<u>373</u>
Share premium			
Balance at beginning and end of period	<u>10,315</u>	<u>10,315</u>	<u>10,315</u>
Merger reserve			
Balance at the end of the period	<u>1,130</u>	<u>1,130</u>	<u>1,130</u>
Profit and loss account			
Balance at beginning of period	6,885	4,804	4,804
Total comprehensive income	1,633	(1,432)	2,029
Share based payments charge	28	23	52
Balance at end of period	<u>8,546</u>	<u>3,395</u>	<u>6,885</u>
Total equity at beginning of period	<u>18,703</u>	<u>16,622</u>	<u>16,622</u>
Total equity at end of period	<u>20,364</u>	<u>15,213</u>	<u>18,703</u>

QUIZ PLC**Unaudited consolidated statement of changes of cash flows****For the six months ended 30 September 2022**

	Unaudited six months ended 30 September 2022 £000	Unaudited six months ended 30 September 2021 £000	Audited year ended 31 March 2022 £000
Cash flows from operating activities			
Cash generated by operations			
Profit/(loss) for the year	1,477	(1,463)	2,049
Adjusted for:			
Depreciation of property, plant and equipment	606	708	1,522
Depreciation of right-of-use asset	943	939	1,873
Amortisation of intangible assets	284	274	832
Share based payment charges	28	23	52
Exchange movement	153	31	(20)
Finance income	(12)	-	-
Finance cost expense	77	82	122
Income tax credit	358	123	(1,261)
Decrease/(increase) in inventories	588	1,422	(623)
Decrease/(increase) in receivables	74	(1,815)	(2,454)
Increase in payables	1,905	3,193	3,308
Net cash from operating activities	<u>6,481</u>	<u>3,517</u>	<u>5,400</u>
Interest paid	(28)	(25)	(40)
Income taxes paid	-	(60)	(62)
Net cash inflow from operating activities	<u>6,453</u>	<u>3,432</u>	<u>5,298</u>
Cash flow from investing activities			
Payments to acquire intangible assets	(126)	(111)	(200)
Payments to acquire property, plant and equipment	(618)	(171)	(290)
Interest received	12	-	-
Net cash outflow from investing activities	<u>(732)</u>	<u>(282)</u>	<u>(490)</u>
Cash flows from financing activities			
Loans (repaid)/received	(1,420)	(319)	14
Payment of lease liabilities	(935)	(481)	(1,908)
Net cash outflow from financing activities	<u>(2,355)</u>	<u>(800)</u>	<u>(1,894)</u>
Net increase in cash and cash equivalents	3,366	2,350	2,914
Cash and cash equivalents at beginning of period	5,840	2,927	2,927
Effect of foreign exchange rates	4	2	(1)
Cash and cash equivalents at end of period	<u>14</u> <u>9,210</u>	<u>5,279</u>	<u>5,840</u>

Basis of Preparation

1.1 General Information

QUIZ plc is a public limited company incorporated and registered in Jersey and listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Its registered office is: 22 Grenville Street, St Helier, Jersey, Channel Islands, JE4 8PX.

1.2 Basis of Preparation

These interim financial statements for the six months to 30 September 2022 have been prepared in accordance with “IAS 34 Interim Financial Reporting” as adopted by the European Union and the requirements of the Disclosures and Transparency Rules. They are unaudited and do not include all of the information required for full annual financial statements and do not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991.

The comparative figures for the year ended 31 March 2022 are not the Group’s statutory accounts for that financial year. The interim financial statements should be read in conjunction with the Group’s Annual Report and Accounts for the year ended 31 March 2022, which were prepared and approved by the directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Companies (Jersey) Law 1991. The auditors’ report on those accounts was unqualified and did not include reference to any matters on which the auditors were required to report by exception under Companies (Jersey) Law 1991. The Annual Report and Financial Statements for the year ended 31 March 2022 has been filed with the Jersey Companies Registry and are available on www.quizgroup.co.uk

The Group’s business activities together with the factors that are likely to affect its future developments, performance and position are set out in the Business and Financial Reviews of its Annual Report and Financial Statements for the year ended 31 March 2022. The Financial Review describes the Group’s financial position, cash flows and bank facilities. The interim financial statements are unaudited and were approved by the board of directors on 6 December 2022.

The interim financial statements have been prepared by the directors of the Company (the “Directors”) under the historical cost convention except for certain financial instruments and share based payment liabilities which are measure at fair value.

1.3 Accounting Standards

The accounting policies applied in these interim financial statements are the same as those set out in the Group’s Annual Report and Financial Statements for the year ended 31 March 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not effective.

There are several standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. Of these new standards, amendments and interpretations, there are none which are expected to have a material impact on the Group’s consolidated financial statements.

1.4 Use of Estimates and Judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities,

income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 March 2022.

1.5 Going concern

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements together with factors likely to affect its performance and financial position.

The key judgements in relation to the going concern assessment are in respect of the potential impact of the recent cost of living increases on the Group and the impact on consumer demand in the markets in which the Group operates. When making these judgements, the Directors considered the current trading levels, which are currently consistent with management's expectations, and the outlook for the Group against their detailed base case scenario and further downside scenarios.

The Group has £3.5 million of banking facilities, which expire on 30 June 2023. These facilities comprise a £2.0 million overdraft and £1.5 million working capital facility. There are no financial covenants associated with these facilities, which are reviewed annually. Whilst the facilities are repayable on demand the Directors believe that these facilities will be available to the Group through to 30 June 2023 and will be renewed in due course.

The directors have prepared trading and cash flow forecasts for a period of one year from the date of approval of these interim financial statements. The base case and downside scenario forecasts indicate the Group will remain within its available borrowing facilities through the forthcoming twelve-month period. Further actions could be undertaken to mitigate against any shortfalls arising from these scenarios. These include reducing operating costs and capital expenditure, and optimising working capital

Based on the assessment undertaken, the directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future, being a period of twelve months from the date interim financial statements were approved, being 6 December 2022. Accordingly, the directors consider it appropriate to continue to adopt a going concern basis of accounting in preparing the financial statements of the Group.

2. Principal risks and uncertainties

The board considers the principal risks and uncertainties which could impact the group over the remaining six months of the financial year to 31 March 2023 to be unchanged from those set out on in the Annual Report and Financial Statements for the year ended 31 March 2022 on pages 20 to 23.

In summary these relate to the challenged economic environment, a possible future pandemic, the loss of a key trading partner, brand and reputational risk, fashion and customer demands risk, product sourcing; the risk of disruption to IT systems or distribution networks and people, financial and regulatory risk.

3. Revenue

An analysis of revenue by source and geographical destination is as follows:

	Unaudited six months ended 30 September 2022 £000	Unaudited six months ended 30 September 2021 £000	Audited year ended 31 March 2022 £000
Online	16,121	12,534	26,742
International	8,691	6,923	14,862
UK stores and concessions	24,598	16,573	36,767
	<u>49,410</u>	<u>36,030</u>	<u>78,371</u>
United Kingdom	40,574	29,064	63,176
Overseas	8,836	6,966	15,195
	<u>49,410</u>	<u>36,030</u>	<u>78,371</u>

4. Government grants

Government grant income comprises:

	Unaudited six months ended 30 September 2022 £000	Unaudited six months ended 30 September 2021 £000	Audited year ended 31 March 2022 £000
Government support – furlough payments	-	615	640
Government support – grant income	-	370	370
	<u>-</u>	<u>985</u>	<u>1,010</u>

5. Operating profit

Operating profit is stated after charging/(crediting):

	Unaudited six months ended 30 September 2022 £000	Unaudited six months ended 30 September 2021 £000	Audited year ended 31 March 2022 £000
Cost of inventories recognised as an expense	18,956	15,303	31,074
Distribution costs	6,581	5,303	10,820
Employment costs	10,064	8,558	17,862
Depreciation	1,549	1,647	3,395
Amortisation	284	274	832
Short-term lease payments	1,404	983	2,105
Government grants	-	(985)	(1,010)
Other operating income	(53)	-	(1)
Other expenses	8,725	6,205	12,384
	<u>47,510</u>	<u>37,288</u>	<u>77,461</u>

Employment costs reflect the costs incurred on those directly employed by the Group and agency costs.

6. Income Tax Expense

The Group's effective tax rate in respect of continuing operations for the six months ended 30 September 2022 is 19.5% (six months ended 30 September 2021 – 9.2% and year ended 31 March 2022: credit of 160.0%).

7. Dividends

No dividend was paid in the current or previous periods.

8. Earnings per share

	Unaudited six months ended 30 September 2022 £000	Unaudited six months ended 30 September 2021 £000	Unaudited year ended 31 March 2022 £000
Weighted number of ordinary shares outstanding	124,230,905	124,230,905	124,230,905
Earnings: profit/(loss) (£000)	1,477	(1,463)	2,049
Earnings/(loss) per share (pence)	1.19	(1.18)	1.65

Given the share price during the period there is no dilutive effect from the share options outstanding.

9. Property, Plant and Equipment

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2022	601	133	1,583	14,799	17,116
Additions	35	-	50	533	618
Disposals	-	-	(10)	(281)	(291)
At 30 September 2022	636	133	1,623	15,051	17,443
Depreciation					
At 1 April 2022	416	91	967	11,657	13,131
Charge	78	11	99	418	606
Disposals	-	-	(10)	(281)	(291)
At 30 September 2022	494	102	1,056	11,794	13,446
Net book value					
At 30 September 2022	142	31	567	3,257	3,997
At 31 March 2022	186	41	616	2,173	3,985

10. Right-of-Use Assets

	Property £000
Cost	
At 1 April 2022	3,872
Additions	4,904
Disposals	(2,139)
At 30 September 2022	6,637
Depreciation	
At 1 April 2022	2,764
Charge	943
Disposals	(2,139)
At 30 September 2022	1,568
Net book value	
At 30 September 2022	5,069
At 31 March 2022	1,108

The Group present lease liabilities separately within the statement of financial position. The movement in the year comprised:

	£000
Cost	
At 1 April 2022	1,139
New leases entered into	4,904
Interest expense related to lease liabilities	51
Repayment of lease liabilities (including interest)	(935)
At 30 September 2022	5,159
Current lease liabilities	1,839
Non-current lease liabilities	3,320

11. Intangibles

	Goodwill	Computer software	Trademarks	Total
	£000	£000	£000	£000
Cost				
At 1 April 2022	6,175	3,827	165	10,167
Additions	-	126	-	126
Disposals	-	(2)	-	(2)
At 30 September 2022	6,175	3,951	165	10,291
Depreciation				
At 1 April 2022	5,248	2,060	77	7,385
Amortisation	-	276	8	284
Disposals	-	(2)	-	(2)
At 30 September 2022	5,248	2,334	85	7,667
Net book value				
At 30 September 2022	927	1,617	80	2,624
At 31 March 2022	927	2,381	105	3,413

12. Trade and other receivables

	Unaudited as at 30 September 2022 £000	Unaudited as at 30 September 2021 £000	Audited as at 31 March 2022 £000
Trade receivables – gross	3,069	2,155	3,948
Allowance for doubtful debts	(447)	(301)	(327)
Trade receivables - net	2,622	1,854	3,621
Other receivables	574	292	422
Current tax receivable	380	-	380
Prepayments and accrued income	2,775	3,259	2,002
	6,351	5,405	6,425

13. Trade and other payables

	Unaudited as at 30 September 2022 £000	Unaudited as at 30 September 2021 £000	Audited as at 31 March 2022 £000
Trade payables	5,728	5,066	5,155
Other taxes and social security costs	1,642	1,950	979
Accruals	3,990	3,824	3,733
Other payables	1,768	549	1,591
Amounts due to related parties	8	8	8
	13,136	11,397	11,466

14. Cash and cash equivalents

	Unaudited as at 30 September 2022 £000	Unaudited as at 30 September 2021 £000	Audited as at 31 March 2022 £000
Cash at bank and in hand	9,210	5,279	5,840

17. Financial Instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities. All financial liabilities are measured at amortised cost.

	Unaudited as at 30 September 2022 £000	Unaudited as at 30 September 2021 £000	Audited as at 31 March 2022 £000
Carrying value of financial assets:			
Cash and cash equivalents	9,210	5,279	5,840
Trade and other receivables	3,576	2,146	4,423
Total financial assets	12,786	7,425	10,263
Carrying value of financial liabilities:			
Trade and other payable	(7,504)	(5,623)	(6,754)
Bank and other borrowings	-	(1,087)	(1,420)
Derivative financial instruments	(300)	(59)	(65)
Lease liabilities	(5,159)	(2,533)	(1,139)
Total financial liabilities	(12,963)	(9,302)	(9,378)

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated P-1 and A-1, based on Moody's ratings.